



Understanding Your Phone Bill



OUCS Consumer Fact Sheet

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With increased customer choice, telephone bills have become more complex. Charges appearing on telephone bills can be challenging to understand.

The following information will help explain some of the most common charges. In addition to eliminating confusion, this information also can help consumers make more informed decisions.

As shown in the table below, some charges are required while others are billed at the provider's discretion. For example, not all long distance providers or plans assess a monthly calling plan fee or minimum usage charge. Consumers unhappy with these charges should shop for a plan or provider that better meets their needs.

Typical Phone Charges and Fees

	Required	Discretionary
Local Phone Service	<ul style="list-style-type: none"> • Monthly Local Service Charge • Subscriber Line Charge • 911 Service • Telephone Relay • Taxes 	<ul style="list-style-type: none"> • Charges for Unregulated Services • Universal Service Fund • Local Number Portability (LNP) • Phone Rental
Long Distance Phone Service	<ul style="list-style-type: none"> • Long Distance Charges • Taxes 	<ul style="list-style-type: none"> • Minimum Usage Charges • Monthly Calling Plan Fee • Universal Service Fund • Payphone Access Fee

Local Service Charges

Monthly Local Service Charge

This charge must be paid to receive local phone service. The Indiana Utility Regulatory Commission (IURC) has procedures, based on state law, that most phone companies must follow to change these rates.

Subscriber Line Charge

The Subscriber Line Charge (also known as the Federal Access Charge, Interstate Access Charge, End User Common Line Charge or Customer Line Charge) is required

by the Federal Communications Commission (FCC) to recover part of the costs of providing interstate long distance access over local phone lines used to link your phone to the telephone network.

The Subscriber Line Charge is billed directly by local telephone companies to their local service customers and is subject to a maximum limit for primary residential lines. Under FCC rules, the cap may rise to as much as \$6.50 by July 2003. Subject to IURC approval, local telephone companies also may levy an interstate subscriber line charge.

911 Emergency Service

Under state and local law, all telephone customers are required to pay a fee to support their local emergency telephone systems. This may be a central dispatch for 911 calls or Enhanced 911, which automatically identifies your number and location when reporting a police, fire, medical or other emergency.

Telephone Relay Charge

The Indiana Telephone Relay Access Corporation (InTRAC) surcharge, also known as the Telephone Relay Charge, is a mandatory monthly fee used to provide telephone services to hearing impaired and speech impaired consumers.

Taxes

The Federal Tax or Federal Excise Tax appears on both local and long distance phone bills. It is charged as a set percentage regardless of which telephone service provider you use. State Sales Tax is 6 percent in Indiana and does not vary among companies.

Charges for Unregulated Services

Under state law, the Indiana Utility Regulatory Commission has determined that certain services do not require rate approval. These are "optional" services, such as Internet service, caller ID, voice mail, inside wire maintenance plans, competitive local phone service and pay-per-use services like automatic callback (*69), that consumers may elect to purchase from competing companies. Monitor your bill to ensure you're paying only for the optional services you want, and shop for the best deal.

Continued on Reverse...

The Indiana Office of Utility Consumer Counselor (OUCC) is the state agency that represents the interests of all utility consumers and the general public in matters related to the provision of utility services. The agency is active in proceedings before regulatory and legal bodies, and committed to giving consumers a voice in the creation of utility service policy.

Universal Service Fund (USF)

The Universal Service Fund (USF) charge, also known as the Universal Connectivity Charge or Universal Service Fee, may appear on both the local and the long distance portions of your phone bill. Under federal law, the FCC requires local and long distance companies to contribute to this federal fund. The USF is used to provide affordable phone service to low-income and rural customers. It also provides discounts on telecommunications services and Internet access for eligible schools, libraries and rural health care providers.



Many companies recover their USF contribution by placing a charge on customer bills. This can be a fixed monthly charge or a percentage of a consumer's total charges. Other companies choose not to recover this fee

by adding a separate charge on customer bills. Ask about this when comparing company plans.

Local Number Portability (LNP)

LNP allows a consumer to keep his or her phone number when changing to a new local telephone company, but staying at the same location.

Local phone companies are allowed to recover the costs of upgrading equipment to provide LNP service by charging all customers in affected areas a LNP charge. The FCC allows, but does not require, a local company to assess a separate charge even if a consumer has no local service choice.

LNP charges are approved by the FCC for five years and vary by phone company. Local telephone companies are not allowed to assess these charges to Lifeline Assistance Program customers.

Phone Rental

Phone companies used to own all telephones, but this is no longer the case. It is generally much cheaper to buy a phone than to lease one, especially for home use.

Long Distance Service Charges

Long Distance Charges

Local Long Distance (also known as Local Toll or Intra-LATA) charges are for calls made to phone numbers outside your free local calling area, but within your Local Access Transport Area (LATA). You also will see a separate listing of long distance charges for calls made to phone numbers outside your LATA. Since you can choose among different phone companies for these services, these rates are not regulated.

Taxes

See the description under Local Service Charges.

Minimum Usage Charge

Under certain long distance calling plans, if a consumer's monthly charges do not exceed a minimum amount, the customer is responsible for paying the difference between the minimum and the charges for calls made. For example, if your minimum usage charge is \$5, but you made only \$3 in long distance calls during the month, you would pay an additional \$2 to your long distance service provider. However, if you made \$6 in long distance calls, you would pay no additional amount. Not all companies or plans have this charge, so shop around.

Monthly Calling Plan Fee

Some calling plans require consumers to pay a fixed monthly fee in order to receive a specified per minute rate during certain hours or days. This fee is assessed each month regardless of usage. Other companies may offer similar or better per minute rates without this fee. Shop around for the provider and plan that best fits your calling patterns.

Universal Service Fund (USF)

See the above description of this fee under Local Service Charges. USF charges also may appear on both the local long distance (intra-LATA) and long distance (inter-LATA) portions of your phone bill.

Payphone Access Fee

Under federal law, long distance companies must compensate payphone companies for calling card, 10-10 dial-around and other types of calls made from payphones. Some long distance companies choose to recover these payments through a separate fee on customer bills, while others choose to include these costs in their rates.

Read Your Telephone Bill!

It is important to read your telephone bill every month to make sure you have been charged correctly. If you have a question about a charge or think charges are incorrect, call the company responsible for the charges. For more information, contact the OUCC for a copy of our "Telephone Slamming and Cramming" brochure.

Shopping for Long Distance Telephone Service?

Our "Shopping for Long Distance Service" fact sheet offers information and helpful tips that will help you find the services and providers that best meet your needs. You can request a copy by calling the OUCC's consumer services staff toll-free at **1-888-441-2494** or by logging on to our Website at **www.IN.gov/oucc**.

